

INFORMATION LETTER

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NATIONAL CANNERS ASSOCIATION

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TAX RELIEF SOUGHT FOR CANNERS

Brief Asks Inclusion of 100 Per Cent Borrowed Capital in Computing Excess Profits

The National Canners Association on August 25 submitted a brief to the Senate Finance Committee suggesting that Section 719 of the Internal Revenue Code be amended to permit canners of fruits, vegetables, and seafood, under certain circumstances, to include 100 per cent rather than 50 per cent of their borrowed capital in computing invested capital for purposes of excess profits taxation. Text of the brief follows:

Such an amendment is essential in order to permit these canners in years of good earnings to pay off debts incurred in prior loss years and to build up a reserve for the loss years which, because of the nature of the industry, are inevitable.

As has already been demonstrated to the Committee (statement filed with the Committee on behalf of the Association, September 5, 1940, in connection with hearing on the Second Revenue Act of 1940), the canning industry, perhaps more than any other industry, is subject to extreme fluctuations in earnings from year to year. Profits and losses on the seasonal operations are determined entirely by natural factors—weather, crop condition, insect infestations, runs of fish, etc.—over which the canner can exercise absolutely no control. These natural factors may result in a serious underproduction or a tremendous overproduction, either of which is equally bad and may cause large losses for the year's operations. It is only when all natural factors combine to bring about a production nicely balanced with demand that the canner has a year of good earnings, and this may happen only once in three or four years. If the canner is to stay in business, he must, during this single year of good earnings, make up the impairments which his capital has suffered during the bad years.

Under the terms of the present Excess Profits Tax Law, it is difficult if not impossible for a canner to thus make up his losses of earlier years. The annual fluctuations in earnings which have caused this difficulty make it impossible for him, in most instances, to compute his excess profits credit under the income credit method. Three of the years in the base period, 1937, 1938 and 1939, were for most of the industry loss years, and most canners must, therefore, utilize the invested capital method of computing their excess profits credit.

Because of another peculiarity of the canning industry, however, the method of computing invested capital under the present law is extremely inequitable for most canners. Most canning enterprises are greatly under-capitalized and operate to a very large degree on borrowed capital. Yet the present law permits such canners to consider only 50 per cent of their borrowed capital in computing invested capital. Because of their under-capitalization, and this limitation on the amount of borrowed capital which may be considered, the excess profits credit of these canners is thus limited and they are denied the opportunity in a year of good earnings to make up their losses of earlier years.

The Excess Profits Credit Carry-Over authorized by Section 710(b)(3) of the Internal Revenue Code, is of course extremely helpful, but it is not sufficient. For it is limited to taxable years beginning after December 31, 1939, and thus does not permit canners to make up losses for the three extremely bad years, 1937, 1938, and 1939. Moreover, as we have seen, the excess profits credit, which may be carried over under Section 710, is in itself restricted by the under-capitalization of canners and the limitation upon borrowed capital which may be considered in computing invested capital.

Accordingly, it is suggested that Section 719 of the Internal Revenue Code should be amended to permit 100 per cent of borrowed capital to be included in computing invested capital. The suggested amendment is subject to three limitations. First, it is limited to these processing industries

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NEW SET-UP FOR PRIORITIES

Single Board Given Full Power to Handle Priorities and Allocations

By an Executive Order issued Friday, the President established a Supply Priorities and Allocation Board, which will have complete authority for fixing priorities and allocation of the supply of materials, fuel, power and other commodities of all kinds in the United States. This ends the division of authority heretofore existing between the Office of Production Management and the Office of Price Administration and Civilian Supply.

The new board consists of Secretary of War Henry L. Stimson, Secretary of the Navy Frank Knox, William S. Knudsen and Sidney Hillman of OPM, Leon Henderson of OPACS, Harry L. Hopkins, special aide on the Lend-Lease program, and Vice President Henry Wallace, who is designated as chairman.

Donald M. Nelson is named as executive director of the Board and also becomes director of the Division of Priorities, replacing Edward R. Stettinius. The function of price fixing will remain in the Office of Price Administration.

The various industry committees now existing in OPACS and OPM will be consolidated so that on questions of priorities, allocations and production the various industries will have one unified contact with the Government.

Pending at the time this reorganization was under way was a general maintenance and repair order, which included a classification rating for specified industries, among them canning, and which provided an A-10 preference rating for maintenance and repair of canning machinery and equipment. Early issuance of this order has been expected, and it is now indicated that it will be made effective the first part of the coming week.

NEW PRIORITIES REGULATIONS ISSUED

Defense Orders Given Right-of-Way Over Non-Defense and Lower Preference Orders

A series of broad rules and regulations which will apply to priorities orders and actions was issued August 28 in a new basic document—Priorities Regulation No. 1—by the Priorities Division, Office of Production Management.

Most important provision of the regulation is that which requires all manufacturers and producers to accept defense orders (subject to a few specific limitations) even if acceptance of these orders will prevent, or delay, deliveries on non-defense orders or defense orders with lower preference ratings. The requirement applies to all manufacturers, producers, distributors and dealers, in whatever category.

The following is an informal summary of major provisions of the new regulation:

The regulation provides a system under which any defense customer for any material, who is unable to place his order satisfactorily, or whose delivery is delayed, may bring this matter formally before the director of priorities, who will take appropriate action.

The director may assign preference ratings to orders which have been placed or which have not been placed, and he may also issue binding instructions regarding deliveries, without assigning preference ratings.

Any person who has defense orders on hand must so schedule his production that deliveries under defense orders will be made on the dates required.

Delivery dates specified in defense orders must not be earlier than required.

Any allocations of material ordered by the director may be made without regard to preference ratings which may have been assigned to deliveries under particular contracts or purchases, and in such cases specific allocations will take precedence over individual preference rating certificates or blanket ratings.

Intra-company deliveries, except when otherwise specified, are to be subject to the same restrictions which may apply to inter-company deliveries.

Accumulation of excess inventories is prohibited.

All records required to be kept by priority orders are to be open to audit and inspection by representatives of OPM.

Any person making willful false statements may be deprived of deliveries of material; in cases where such action is warranted, the director may also recommend prosecution under section 35 of the Criminal Code.

Refrigerants Placed Under Priority Control

Chlorinated hydrocarbon refrigerants were placed under priority control in a general preference order issued by the Office of Production Management, August 23. The order assigns the rating of A-10 for deliveries of these refrigerants for defense uses, such as Army and Navy hospitals and cantonments, and ship storage plants.

After defense needs are satisfied, the remaining supply is to be distributed according to the civilian allocation program of the Office of Price Administration and Civilian Supply. Supplies of the refrigerants for non-defense purposes are permitted for the manufacture of new refrigeration equipment and new air conditioning equipment.

Army Bid Invitations for Ration "C"

The Chicago Quartermaster Depot will open bids September 8 on 4,500,000 cans of Army Ration "C." On August 29 bids were to have been opened on the following quantities of canned meats:

Corned beef, 600,000 No. 1 cans, domestic pack, with alternative bids on 600,000 No. 1 cans, South American pack; dried sliced beef, 36,000 No. 1 cans and 24,000 six pound cans; corned beef hash, 720,000 twenty-four ounce tins and 720,000 five-pound eight-ounce cans; pork luncheon meat, 24,000 six-pound cans; pork sausage, 480,000 thirty-ounce or two-pound cans; sausage, 960,000 24-ounce tins.

Response to Army Bid Invitations

The Division of Purchases of the Office of Production Management has informed the Association regarding the general results of responses to the Army's invitation to bid on certain canned fruits and vegetables. The reports cover bids opened at various dates between August 12 and 22.

Bids Opened at San Francisco

Apricots.—Bids at suitable prices not adequate to cover requirements. Remainder negotiated for in open market.

Asparagus.—All bids rejected. Most prices too high.

Cherries.—Requirements covered by bids.

Peaches.—Invitation called for both Clingstone and Freestone. Before bids opened it was discovered that Army specifications were incorrect on Freestone and canners could not meet them. Bids on this type consequently withdrawn and awards made on suitably-priced Clingstone. New Freestone invitation was issued August 25, with new specifications, for opening September 2.

Pears, Dried Canned Prunes.—Complete requirements covered by invitation plus some negotiation.

Pineapple.—Response excellent. Complete requirements covered.

Salmon.—Awards made on entire requirements of Reds. Medium Reds and Chums still being packed. Expects requirements of these will be covered.

Tuna.—Army getting its share of the pack and expected requirements will be completely covered.

Bids Opened at Chicago

Peas.—Response better on this second invitation for annual requirements but awards not adequate to cover.

Corn.—Response disappointing in most sections, Maine being the only State offering its full share. It is hoped balance of requirements will be covered by negotiation but probably another invitation will be issued for opening at end of season.

Tomatoes.—Response disappointing.

Tomato Juice, Catsup, Lima and Stringless Beans.—Not enough to cover requirements.

Beets.—Well covered by invitation and negotiation.

TAX RELIEF SOUGHT FOR CANNERS

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where its need is greatest. Second, it is limited to companies whose short term invested capital exceeds 50 per cent of its average equity invested capital. Finally, the amendment is applicable only when the company's short term borrowed capital fluctuates during the taxable year to a specified degree. With these safeguards the amendment will constitute no serious drain on the revenues to be produced by the bill.

FSCC Invites Canned Foods Offers

Tomato Purée, Paste, Peaches, Pilchards, Mackerel, Herring and Prunes Sought—Weekly Purchase Record

The Federal Surplus Commodities Corporation has announced that it invites offers of tomato purée and tomato paste in No. 10 cans and freestone peaches in No. 2½'s. Tomato purée and paste offers must be in the hands of the Purchasing Agent, FSCC, Department of Agriculture, Washington, D. C., on or before September 10 for acceptance September 12; peaches, September 8 for acceptance September 10. Offers were being received August 29 for processing of fresh freestone peaches the agency previously had purchased.

FSCC also invites continued offers of canned pilchards (futures) during the period September 2 to November 18. Offers must be in on the first and third Tuesdays of each month for acceptance on or before the following Fridays. Offers may be for any quantity of canned pilchards packed in No. 1 cans, oval or tall, minimum net contents 15 ounces, and in other size cans that meet the specifications set forth in FSCC's offer of sale form.

A closing date of September 3 was established for offers of canned mackerel and herring futures in No. 300 cans (14-ounce net weight) or larger sizes of cans meeting the specifications, as well as for canned prunes in No. 10 cans.

The purchase this week of 290,000 cases of canned prunes marks the first time this product has appeared in the Department of Agriculture's weekly record of acquisitions by the Surplus Marketing Administration through FSCC, presented in the following table of selected commodities:

TOTAL PURCHASES—SELECTED COMMODITIES

	Aug. 22-Aug. 28	Mar. 15-Aug. 28
Beans, dry (bags).....	16,600	1,794,084
Beans, snap, fresh (bushels).....	146	1,527
Beets, fresh (bushels).....	4,856	63,406
Cabbage, fresh (bushels).....	251	153,933
Carrots, fresh (bushels).....	7,426	57,854
Corn, fresh (bushels).....	5,282	18,679
Fish, canned (cases)*.....	219,048	219,048
Milk, evaporated (cases).....	509,000	4,707,150
Prunes, canned (cases).....	290,000	290,000
Tomatoes, fresh (bushels).....	6,046	19,253

* Species not divulged.

Navy Invites Bids on Canned Grapefruit

The Bureau of Supplies and Accounts of the Navy Department has invited bids on 100,000 dozen No. 2 and 35,088 dozen No. 5 cans of Fancy grapefruit. Opening date is September 16 at Washington and deliveries of specified quantities to be made at Boston, Mass.; Philadelphia, Pa.; Sewell's Point, Va.; San Diego and San Francisco, Calif.; and Bremerton, Wash.

Invitation to Bid on Canned Blueberries

An invitation for bids on 1,200 dozen No. 10 cans of blueberries has been issued by the Veterans Administration, Arlington Bldg., Washington, D. C. Bids will be opened September 12. Deliveries of specified quantities are to be made to the supply depots at Perryville, Md., Chicago, Ill., and San Francisco, Calif.

Rainfall and Temperature Statistics

The following table, prepared by the Association's Division of Statistics, gives the comparative rainfall and temperature figures of the week ending August 27, 1940 and August 26, 1941, for the weather stations located in the principal corn and tomato producing sections:

Stations	Temperature departure from normal		Rainfall	
	1940 Degrees	1941 Degrees	1940 Inches	1941 Inches
Portland, Maine.....	-6	-3	0.03	0.38
Syracuse, New York.....	-10	0	T.	1.08
Oswego, New York.....	-9	0	T.	2.67
Buffalo, New York.....	-9	-1	0.64	0.51
Erie, Pennsylvania.....	-9	+1	0.68	1.49
Harrisburg, Pennsylvania.....	-9	0	0.66	0.98
Atlantic City, New Jersey.....	-5	0	0.57	1.70
Baltimore, Maryland.....	-7	+2	0.80	0.67
Richmond, Virginia.....	-5	+1	0.38	3.06
Lynchburg, Virginia.....	-4	+2	0.13	0.38
Columbus, Ohio.....	-4	+2	0.37	0.35
Toledo, Ohio.....	-9	+1	2.21	0.94
Fort Wayne, Indiana.....	-6	+1	0.49	0.64
Indianapolis, Indiana.....	-4	+1	0.22	0.37
Peoria, Illinois.....	-3	+3	0.15	0.29
Madison, Wisconsin.....	-8	+2	2.97	0.09
La Crosse, Wisconsin.....	-7	+1	1.35	0.30
Minneapolis-St. Paul, Minnesota.....	-8	-1	0.61	0.45
Dubuque, Iowa.....	-7	0	2.73	0.75
Davenport, Iowa.....	-5	+2	0.67	0.05
Charles City, Iowa.....	-5	0	3.70	0.28
Des Moines, Iowa.....	-2	+2	1.77	0.31
Omaha, Nebraska.....	-1	+1	1.02	0.65
Springfield, Missouri.....	-3	-1	0.11	0.83
Bentonville, Arkansas.....	-4	-2	T.	0.30
Denver, Colorado.....	+1	-4	0.35	0.20
Salt Lake City, Utah.....	+3	+1	0.02	0.11
Sacramento, California.....	-2	0	0.00	0.00
Fresno, California.....	-3	-4	0.00	0.00

Ohio Cannery Announce Annual Meeting

The annual meeting of the Ohio Cannery Association will be held December 9 and 10, according to an announcement by Roy Irons, secretary. The city and hotel will be named later.

Almond Operations Denied Hours Exemption

Shelling and other processing of almonds, and the packing and storing of unshelled almonds are not entitled to exemption from the 40-hour week as seasonal operations, the Wage and Hour Division of the Department of Labor has announced.

At a hearing in September, 1940, written statements both for and against the exemption were presented. The Hearings Branch of the Division has found that shelling and other processing of almonds cannot be considered exempt under the "packing or storing of agricultural commodities in their raw and natural state" provision of the regulations governing seasonal exemptions. It was concluded further that demand and sales requirements, rather than climatic or other natural conditions, were responsible for limiting the shelling and processing season, and that packing and storing of unshelled almonds are carried on in the same plant, often by the same employees, making it impossible to segregate these processes in order to consider them as a separate branch of the almond industry, and, as such, eligible for the seasonal exemption.

CANNING CROP PROGRESS REPORTS

Department of Agriculture Issues Information on Prospects as of August 15

Deterioration of sweet corn caused by a prolonged period of hot, dry weather created considerable uneasiness among processors early in August. But near the middle of the month, according to the U. S. Department of Agriculture, a favorable respite from high temperatures in the important producing States and good showers over considerable areas slowed down the deterioration of this crop and improved prospects for the 1941 tomato crop, which was beginning to need some added moisture. Snap beans continued to suffer but the harvesting season for this crop was approaching an end.

Sweet corn and tomato processing operations were in full swing through early August. It is expected that picking of snap beans in the northern States will continue through the remainder of the month but on a reduced scale. Light frosts were reported from scattered areas in the lake sections. In some of the southern bean-producing States, growers are reported to be making preparation for planting a fall crop.

The following table includes data on the tonnage indicated on August 15 for each of four important truck crops compared with the 1940 production and the preceding 10-year (1930-39) period.

Crop	10-yr. avg. (1930-39)	1940	Indicated August 15, 1941
	Tons	Tons	Tons
Green peas.....	203,500	307,120	*339,210
Snap beans.....	81,700	114,020	124,000
Sweet corn.....	671,600	727,500	1,084,440
Tomatoes.....	1,579,600	2,271,700	2,416,400
Total.....	2,536,400	3,423,340	3,964,050

* July 15 indicated.

Following are details from the reports of the Department on tomatoes, sweet corn and green and wax beans, along with condition reports on kraut cabbage, pimientos, lima beans and beets. The Department's discussion of the tomato crop condition is augmented by special comment from the Association's Division of Statistics.

Sweet Corn

The tonnage of the 1941 crop of sweet corn in prospect on August 15 was five per cent less than was expected on August 1, revealing the effects of the period of hot dry weather continuous in many important producing States during July and early August.

Despite the mid-summer decline in production prospects, the August 15 indicated production of 1,084,440 tons for processing exceeds the previous record-high production of 1,014,100 tons in 1925 by seven per cent, according to the Department. It compares with the 1940 estimated production of 727,500 tons and the average production for the preceding 10-year (1930-39) period of 671,600 tons.

The August 15 indicated yield of 2.51 tons per acre compares with 2.32 tons obtained in 1940 and the average of 2.12 tons for the preceding 10-year (1930-39) period. While yield prospects declined in many of the important producing States after August 1, because of the hot weather, Iowa, Minnesota, Nebraska, Tennessee, Oregon and Washington are the only important States that showed a 1941 prospective yield on August 15 that was below the yield per acre obtained in 1940.

State	Acreage		Production	
	Harvested 1940	Planted 1941	1940	Indicated 1941
	Acres	Acres	Tons	Tons
Maine.....	8,200	10,900	27,100	42,500
New Hampshire.....	340	570	1,200	2,000
Vermont.....	930	1,200	2,500	3,400
New York.....	17,500	30,100	36,800	78,300
Pennsylvania.....	11,600	12,200	25,500	28,100
Ohio.....	18,600	29,000	29,800	60,900
Indiana.....	44,600	57,400	49,100	86,100
Illinois.....	52,740	64,800	110,800	181,400
Michigan.....	2,400	2,200	2,900	3,300
Wisconsin.....	31,000	51,000	80,600	117,300
Minnesota.....	53,400	71,000	186,900	227,200
Iowa.....	23,600	40,200	59,000	92,500
Nebraska.....	2,920	3,600	5,800	5,400
Delaware.....	1,000	1,040	2,000	2,700
Maryland.....	27,600	34,200	58,000	85,500
Tennessee.....	2,700	3,200	7,800	9,000
Washington.....	3,800	5,000	16,000	18,500
Oregon.....	1,500	2,000	5,000	6,000
Other States *.....	9,070	12,690	20,700	34,340
Total.....	313,500	432,300	727,500	1,084,440

* "Other States" include: Arkansas, Colorado, Idaho, Kansas, Missouri, Montana, New Jersey, Oklahoma, South Dakota, Texas, Utah, Virginia, and Wyoming.

Green and Wax Beans

Reports received by the Department from processors of snap beans containing information on the condition of the crop on August 15 and the probable yield per acre indicate a production of 124,000 tons for 1941. This tonnage is nine per cent more than the 1940 production of 114,020 tons and 52 per cent above the average production of 81,700 tons for the preceding 10-year (1930-39) period.

The 1941 yield indicated on August 15 of 1.68 tons of snap beans per acre compares with 1.84 tons obtained in 1940 and an average of 1.52 tons for the preceding 10-year (1930-39) period. After August 1, yield prospects declined slightly in several rather widely scattered States, including Maine, Pennsylvania, Wisconsin, Colorado, Oregon and Washington.

State	Acreage		Production	
	Harvested 1940	Planted 1941	1940	Indicated 1941
	Acres	Acres	Tons	Tons
Maine.....	1,360	1,880	3,100	4,300
New York.....	6,840	8,800	10,300	15,000
Pennsylvania.....	2,800	3,100	4,200	4,000
Indiana.....	1,350	1,500	700	1,200
Michigan.....	5,500	6,100	7,200	9,200
Wisconsin.....	8,400	10,400	11,800	14,600
Delaware.....	900	1,300	900	1,200
Maryland.....	10,900	11,400	18,500	16,000
South Carolina.....	300	300	300	300
Tennessee.....	2,200	2,800	3,500	3,100
Mississippi.....	1,640	2,500	1,500	1,200
Arkansas.....	3,000	3,300	5,100	4,300
Louisiana.....	2,300	2,000	2,300	1,400
Colorado.....	1,160	1,650	3,200	3,500
Utah.....	850	1,000	3,200	4,200
Washington.....	1,030	1,200	5,900	5,400
Oregon.....	2,210	3,100	15,000	18,000
California.....	560	540	2,520	2,200
Other States *.....	8,550	10,840	14,800	14,300
Total.....	61,850	73,710	114,020	124,000

* "Other States" include: Alabama, Florida, Georgia, Idaho, Illinois, Iowa, Kansas, Kentucky, Minnesota, Missouri, Montana, Nebraska, New Hampshire, New Jersey, North Carolina, Ohio, Oklahoma, Texas, Vermont, Virginia, West Virginia, and Wyoming.

Tomatoes

The tomato crop for processing in 1941 is estimated at 2,416,400 tons by the Department of Agriculture. This prospective production is six per cent larger than the 2,274,700 tons produced in 1940. This comparison, however, gives little indication of the prospective size of the 1941 pack of canned tomatoes, according to the Association's Division of Statistics, because the increase this year is not uniform throughout the various tomato-producing sections and also because varying percentages of the crop are used for canned tomatoes and for manufacturing tomato products.

For example, in New York the crop last year totaled 123,400 tons, and only 25,221 tons were used for canning 697,315 cases of canned tomatoes. The remaining 98,179 tons were used for other purposes, presumably tomato products of various kinds. The New York production is estimated by the Agricultural Marketing Service at 166,000 tons for all purposes this year. This represents an increase of about 35 per cent over last year's production, or an increase of 42,600 tons. This estimated increased tonnage is greater than the total amount used for canned tomatoes last year. It is impossible to predict, however, what percentage of this increased tonnage will be used for canning tomatoes. Because of the serious shortage of labor for picking and because of difficulties in obtaining machinery and equipment for handling the crop, it is possible that all this tonnage may not be harvested and put into cans.

In New Jersey and Pennsylvania the estimated production this year is about the same as the 1940 production. Last year these two States used about 28,000 tons to can 781,503 cases.

In Delaware, Maryland, and Virginia where the bulk of the tomato crop is used for canned tomatoes, the Government estimates the production this year at 302,800 tons, compared with 375,700 tons harvested in 1940, a decrease of about 73,000 tons. In 1940 these three States packed 7,425,703 cases, requiring the use of about 253,000 tons. If the same percentage of the crop is used for canned tomatoes this year the amount available for canned tomatoes would be between 70 and 75 per cent of last year's pack.

In Indiana and Ohio the Government estimates a production of 719,000 tons for this year. Last year these two States produced 521,000 tons, of which only about 140,000 tons were used for canned tomatoes. If the estimated production for this year is realized, about 200,000 tons more than last year would be available for either canned tomatoes or for tomato products. This increase represents more than the total amount used for canned tomatoes in these two States last year.

In Tennessee and Kentucky, where most of the tomato crop is used for canned tomatoes, the Government estimates a production of 43,200 tons this year compared with 31,100 tons in 1940 or an increase of 12,100 tons.

In Missouri and Arkansas where practically all of the crop is used for canned tomatoes, the Government estimates a crop of 87,400, which is slightly less than the record crop of 94,800 tons produced last year. These two States packed 3,647,222 cases in 1940.

The Utah crop is estimated at 71,200 tons, compared with 61,100 tons produced in 1940. About 35,000 tons were used last year to pack 823,571 cases.

The California crop is estimated at 524,000 tons, about 55,000 tons below the record crop of 579,400 tons produced last year. California's record pack of 5,244,003 cases of canned tomatoes in 1940 required the use of only about 175,000 tons of tomatoes. Only a small percentage of the production is usually required for canned tomatoes.

The principal States reporting yields for this year larger than in 1940 are New York, Pennsylvania, Ohio, Illinois, Michigan and Utah. Most of these States usually pack considerable quantities of tomato products. The States that normally use a large percentage of their tomato crop for canned tomatoes have reported a smaller crop for this year.

The following table is from the crop report of the Department of Agriculture:

State	Acreage		Production	
	Harvested 1940	Planted 1941	1940	Indicated 1941
	Acres	Acres	Tons	Tons
New York.....	19,900	20,500	123,400	166,000
New Jersey.....	32,500	33,500	195,000	184,200
Pennsylvania.....	10,000	22,000	106,400	127,600
Ohio.....	23,600	30,900	125,100	207,000
Indiana.....	72,000	93,100	396,000	512,000
Illinois.....	8,800	10,100	36,100	45,400
Michigan.....	5,100	5,400	33,200	35,600
Iowa.....	4,500	5,500	23,800	28,600
Missouri.....	14,700	18,100	48,500	41,600
Delaware.....	9,000	9,500	45,000	33,200
Maryland.....	47,400	52,600	237,000	189,400
Virginia.....	21,800	23,600	93,700	80,200
Kentucky.....	4,400	7,100	14,100	19,200
Tennessee.....	6,000	7,500	19,200	24,000
Arkansas.....	17,800	18,300	46,300	45,800
Colorado.....	2,700	3,400	22,400	25,200
Utah.....	7,100	7,500	61,100	71,200
California.....	71,530	80,620	579,400	524,000
Other States *.....	21,370	19,370	69,000	56,200
Total.....	409,200	468,500	2,374,700	2,416,400

* "Other States" include: Connecticut, Florida, Georgia, Idaho, Kansas, Louisiana, Minnesota, Mississippi, Nebraska, New Mexico, North Carolina, Oklahoma, Oregon, South Carolina, Texas, Washington, West Virginia and Wisconsin.

Condition Reports

	August 15	
	1940	1941
LIMA BEANS		
New Jersey.....	65	90
Michigan.....	85	85
Wisconsin.....	83	94
Delaware.....	77	85
Maryland.....	78	80
Virginia.....	85	79
Other States.....	77	79
Average.....	76.5	83.9
BEETS		
New York.....	82	84
New Jersey.....	77	82
Indiana.....	78	81
Michigan.....	83	73
Wisconsin.....	77	84
Oregon.....	98	100
Other States.....	68	71
Average.....	78.8	80.7
KRAUT CABBAGE		
New York.....	83	78
Ohio.....	78	82
Indiana.....	80	96
Illinois.....	78	78
Michigan.....	94	82
Wisconsin.....	88	70
Minnesota.....	81	77
Colorado.....	95	80
Washington.....	88	83
Other States.....	77	84
Average.....	84.0	79.6
PIMENTOS		
California.....	85	77
Georgia.....	49	60

Duty on Canned Crabmeat Is Raised

President Roosevelt, by proclamation August 22, increased the duty on canned crabmeat, including crab paste and crab sauce, from 15 per cent to 22½ per cent ad valorem.

In the proclamation the President referred to the investigation the U. S. Tariff Commission has made of differences in costs of production of crab meat, fresh, frozen and preserved, with those of Japan, and to the several public hearings that have been held. The Commission's report had recommended the new tariff rate and stated that its investigation showed that "the principal competing country is Japan, and that the duty expressly fixed by the statute does not equalize the difference in the costs of production of crab meat, prepared or preserved in any manner, including crab paste and crab sauce, packed in air-tight containers, wholly or in part the growth of product of the United States, and the like or similar foreign articles when produced in the principal competing country."

LOWER CANNED SOUP DUTY SOUGHT

Brief Asks Reduction on Cuban Imports—Tomato Juice Reclassification Requested

The National Canners Association has filed with the Committee for Reciprocity Information a brief urging the Committee, in its negotiation of a supplemental trade agreement with Cuba, to exert every effort to obtain a reduction in duty now levied upon canned soups imported into Cuba from the United States.

At present all canned soup imports into Cuba are dutiable under a "basket clause" (Item 273-E, Schedule I). This clause merely covers "other preserved foods not specifically classified" (there is no separate classification for soups), and it levies a duty of 14.4¢ per kilogram. The duties levied under this item work out as high as 78.2 per cent on an ad valorem basis.

At one time vegetable soups were classed as canned vegetables, dutiable at the equivalent of 19½ to 22¾ per cent ad valorem, but later it was ruled that vegetable soups could be classified as vegetables only when they are composed strictly of vegetable ingredients. Since vegetable soups shipped to Cuba contain beef broth or some combination of seasonings, they now fall into the classification covered by the "basket clause" on which higher duties are levied.

The brief points out that there is no domestic Cuban industry for the protection of which the high duty on canned soups is necessary; that canned soups are not a luxury item; that the rate of duty of the "basket clause" was not intended to apply to such bulky, low-value products as canned soup; that the present duty on canned soups ranging from 58 to 78 per cent ad valorem is excessive when compared with the duty of only four to 30 per cent on other food products; and that shipments of canned soups to Cuba would increase tenfold under a reasonable tariff, thus producing more revenue than smaller imports entered at the present rate.

The brief concludes with the recommendation that a new or separate classification be established specifically covering canned soups, and it suggests 20 per cent ad valorem as the maximum duty that could be deemed reasonable.

If an ad valorem duty is not feasible, a rate of 3.9¢ per kilogram would be its approximate equivalent. In event a new or separate classification is not possible, the brief suggests that the rate under the "basket clause" be reduced from 14.4¢ to 3.9¢ per kilogram.

The Canners League of California also has filed a brief in connection with Cuban trade agreement negotiations. The League is asking for a reclassification of tomato juice under section 280-B which reads "grape juice not fermented and other beverages or refreshments non-alcoholic that are not especially quoted", rather than under its present classification in section 271-A, namely, "Tomatoes, paste or puree of tomato." The brief points out that tomato juice is used primarily as a beverage and not as a constituent of other foods, as are tomatoes, tomato paste and tomato puree and rightly belongs under tariff 280-B rather than 271-A.

Asparagus Standards Promulgated by AMS

United States standards for grades of canned asparagus have been promulgated by the Agricultural Marketing Service to be effective September 15, 1941. It has been requested that all interested parties who care to comment on the standards submit constructive criticisms prior to their promulgation by the Secretary of Agriculture. The new standards supersede tentative standards for this product which became effective March 15, 1940.

The main points of difference between the new and old standards are the following:

A separate table of drained weights is given for extra large size spears with slightly lower drained weights than are given for the small, medium, large, and blended sizes of cuts and spears.

The requirement that the stalks be straight is omitted.

The table of headspaces is omitted, but the requirement is made that the product and packing medium shall occupy not less than 90 per cent of the total volume capacity of the container.

The figures for minimum and maximum lengths of spears, tips, and points have been lowered slightly. While no definite limits are set for the percentages of heads in cut spears, it is stated that the product usually contains not less than 25 per cent if the cuts are 1¼ inches or less, and not less than 33⅓ per cent if the pieces are longer than 1¼ inches.

The factor of uniformity of size has been omitted as an element in the grade, and the factor of absence of defects is now rated 30 points instead of 20.

Under the factor of color, "off color" rather than "poor color" is mentioned as throwing the asparagus into the sub-standard grade.

The factors of absence of defects and tenderness have been considerably changed and expanded. Allowable percentages of open heads and other defects are specified separately for bleached and all green asparagus in each of the different styles of pack. Tenderness is now defined as freedom from tough fibre, and the maximum length of fibre development in given percentages of pieces are specified for each of the styles and grades of asparagus.

Wheat and Cotton Marketing Quota Bill Vetoed

H. R. 5300, which would have withheld government-owned wheat and cotton acquired under the Agricultural Adjustment Act from the domestic market, was vetoed by the President August 25. The measure had passed Congress despite opposition by the administration.

In the veto message particular objection was made to the provision that would freeze the cotton and wheat stocks to which the Commodity Credit Corporation has title, on the ground that it would force prices above parity through the arbitrary withholding of government-owned stocks from normal channels of trade and commerce.

1940 OUTPUT OF FISH CANNERIES

Statistical Bulletin Issued by Fish and Wildlife Service Shows Amount and Value

The output of canned fishery products and byproducts in the United States and Alaska in 1940 had a total value of \$124,586,978, according to statistics issued by the Fish and Wildlife Service of the Interior Department. Of this total \$94,114,046 represented the value of canned products, and \$30,472,948 byproducts. In 1939 the value of the total output was \$130,423,397, of which canned products accounted for \$96,458,593.

The following table shows the 1940 output of canned products in standard cases and in pounds, the number of plants operating on these products, and the value:

PRODUCTS	Number of plants	Standard cases	Pounds	Value
Salmon:				
United States.....	26	535,663	25,711,824	\$6,575,176
Alaska.....	100	5,069,343	243,328,464	31,474,492
Sardines:				
Maine.....	27	1,117,748	27,943,700	3,736,304
California.....	32	2,045,882	141,402,336	8,975,257
Tuna and tunalike fishes...	26	4,186,689	100,480,536	23,713,960
Mackerel.....	20	1,418,936	68,109,888	4,068,300
Alewives.....	5	24,486	1,175,328	72,070
Alewife roe.....	23	28,507	1,372,656	165,869
Shad.....	9	18,655	895,440	57,107
Shad roe.....	10	4,273	205,104	147,853
Cat and dog food.....	14	402,945	19,341,360	1,861,638
Finnan haddie.....	3	181	8,688	2,590
Fish flakes.....	3	32,477	1,558,806	345,938
Fish cakes, balls, etc.....	9	115,508	5,544,384	776,684
Smoked salmon.....	1	43	2,064	1,020
Fish chowder.....	5	4,119	197,712	23,240
Fish paste.....	4	2,371	113,808	114,463
Sturgeon caviar.....	3	946	45,408	236,446
Salmon roe and caviar (for food).....	4	3,426	164,448	52,767
Salmon eggs (for bait).....	7	8,766	420,768	128,101
Whitefish caviar.....	4	1,683	80,784	66,546
Miscellaneous fish and roe...	12	20,256	972,288	167,224
Clam products.....	57	927,628	24,267,145	3,778,363
Oysters.....	44	644,546	9,668,190	2,526,859
Shrimp.....	48	989,946	16,743,737	4,318,325
Crabs.....	25	19,370	755,430	308,860
Crab and shrimp gumbo...	3	600	28,800	5,048
Oyster soup.....	5	16,311	782,028	95,454
Shrimp soup.....	3	2,903	139,344	15,859
Smoked oysters.....	6	720	34,560	21,215
Terrapin products.....	3	58	2,784	4,126
Turtle products.....	6	10,044	482,112	124,056
Squid.....	4	22,475	1,078,800	78,364
Miscellaneous shellfish.....	16	2,628	126,144	54,274
Total.....	3383	18,580,242	693,175,858	\$94,114,046

* "Cut out" or "drained" weights of can contents are included for whole and minced clams, and the gross can contents for other clam products.
 † Exclusive of duplication.

The following table shows the value of canned products and byproducts by States:

State	Canned products	By-products	Total
Maine.....	\$4,881,611	\$479,770	\$5,361,381
Massachusetts.....	1,497,941	1,994,197	3,492,138
Rhode Island.....		1,007,979	1,007,979
Connecticut.....	558,205	2,609,672	3,167,877
New York.....	1,680,986	2,969,162	4,650,148
New Jersey.....		212,503	212,503
Pennsylvania.....		636,409	636,409
Delaware.....	446,935	1,583,354	2,030,289
Maryland.....	90,218	1,342,530	1,432,748
Virginia.....	76,441	958,727	1,035,168
North Carolina.....	511,349	13,408	524,757
South Carolina.....	403,426		403,426
Georgia.....	232,673	742,144	974,817
Florida.....		291,039	291,039
Alabama.....	2,294,293		2,294,293
Mississippi.....		179,338	179,338
Louisiana.....	2,935,996		2,935,996
Texas, Illinois, Missouri, Wisconsin and Minnesota.....	436,439	194,707	631,146
Iowa.....		1,974,908	1,974,908
Washington.....	3,987,170	879,930	4,867,100
Oregon.....	5,294,488	195,811	5,490,299
California.....	36,949,395	11,230,367	48,179,762
Alaska.....	31,836,480	956,977	32,793,457
Total.....	\$94,114,046	\$30,472,932	\$124,586,978

Evaporated and Condensed Milk Statistics

Production of evaporated milk (case goods) for July set another monthly record, according to the Agricultural Marketing Service, which reports an estimated total of 299,599,000 pounds. The report states that this production was seasonally less than the June output, but exceeded July, 1940, production by 39,000,000 pounds, or 15 per cent, and the July five-year (1935-39) average of 87,000,000, or 41 per cent. From January to July, inclusive, the 1941 production of evaporated milk (case goods) totaled 1,787,821,000 pounds—12 per cent above the production of the corresponding period in 1940.

July production of condensed milk (case goods) was estimated at 9,640,000 pounds, which was 43 per cent larger than the July, 1940, production and 160 per cent larger than the July five-year average. From January to July 1941, inclusive, production of condensed milk (case goods) totaled 62,058,000 pounds—an increase of 103 per cent over the output of the corresponding period last year.

Stocks of evaporated milk (case goods) on August 1, 1941, totaled 261,559,000 pounds, exceeding the July 1 stocks of this year by about 72 million pounds, compared with 33 million pounds a year earlier, and a decrease of 3½ million pounds from the five-year average. The report attributes the August increase as due, in part, to outstanding orders of the Government for 34,961,000 pounds on which actual delivery had not been made. This means that the August 1 stocks included a considerable quantity designated to fill Government orders when the Surplus Marketing Administration is ready for acceptance.

Stocks of condensed milk (case goods) on August 1 totaled 9,783,000 cases—fractionally less than the July 1 stocks this year, six per cent less than the stocks on August 1, 1940, and 18 per cent less than the five-year average.

Fruit and Vegetable Market Competition

Carlot Shipments as Reported to the Agricultural Marketing Service by Common Carriers

Supplies of tomatoes, green peas, and spinach on the fresh market for the week ending August 23, 1941 were smaller than for the corresponding week in 1940, but supplies of snap and lima beans were larger, according to the Agricultural Marketing Service, as evidenced by carlot shipments.

Supplies of citrus fruits also were smaller for the week ending August 23 this year than for the same period last year.

The following table, compiled from statistics of the AMS gives detailed comparisons of carlot shipments on certain dates of selected vegetables and fruits:

VEGETABLES	Week ending—			Season total to—		
	Aug. 23, 1940	Aug. 23, 1941	Aug. 16, 1941	Aug. 23, 1940	Aug. 23, 1941	
Beans, snap and lima.....	2	4	14	4,104	3,776	
Tomatoes.....	240	212	71	16,804	13,381	
Green peas.....	187	177	261	4,982	4,645	
Spinach.....	61	30	12	5,712	5,225	
Others:						
Domestic, competing directly..	2,526	662	568	30,601	30,467	
Imports competing indirectly..	7	16	4	10	20	
FRUITS						
Citrus, domestic.....	830	729	2,754	53,953	62,780	
Imports.....	12	7	4	15	18	
Others, domestic.....	5,253	3,851	2,316	33,142	30,648	

Alaska Salmon Pack Report

The following figures on the Alaska salmon pack, as reported by the U. S. Fish and Wildlife Service, show the pack by districts and species through August 23, 1941, except where noted:

DISTRICT	Coho Cases	Chum Cases	Pink Cases	King Cases	Red Cases	Total Cases
Bristol Bay*	1,827	49,232		2,822	569,867	623,748
Alaska Peninsula:						
North side*		4,636	83	170	35,059	40,854
South side*	17,298	163,038	230,541	3,008	97,095	511,600
Chignik.....	1,842	15,036	15,635	296	54,951	87,760
Kodiak*	10,341	55,599	521,465	570	97,192	685,167
Resurrection Bay*	334		1,083		1,015	2,432
Cook Inlet*	30,586	23,944	35,048	27,319	90,368	207,265
Prince Wm. Sound*	4,139	71,795	212,894	96	5,503	294,427
Copper River....	4,250			4,282	34,673	43,205
Yakutat.....	1,321	305	4,401	799	18,488	25,314
Icy Strait*	8,536	16,418	204,651	232	8,856	238,693
Western*	17,161	50,217	447,040	306	15,583	530,307
Eastern*	7,729	59,667	477,862	112	8,921	554,311
Wrangell.....	21,402	30,678	565,607	10	27,463	645,160
South Prince of Wales Island..	27,120	31,891	418,499	36	10,943	488,480
Southern.....	30,389	61,500	934,978	100	41,906	1,068,873
Total.....	184,275	633,976	4,069,807	40,164	1,119,383	6,047,605

* Final.

* Through August 16, 1941.

Reemployment of Returning Soldiers

With the Army planning to release certain men from active duty beginning September 1, a reemployment obligation falls upon both the former employers of these men and the Selective Service System, according to Brig. Gen. Lewis B. Hershey, director. Each State director of Selective Service should appoint a reemployment committeeman affiliated with each local board. This committeeman will act as liaison agent between the returning soldiers and employers. His function will be to get in touch with the former employer

prior to the return of a soldier, to ascertain if the soldier's former job is still available; to transmit the records of returning soldiers who have no jobs awaiting them to the nearest State Employment Office, and to act as liaison agent for the soldier in placing him in contact with available jobs.

In cases where the State Employment Office is unable to find a job for a returning soldier, the General said, it will be the duty of the local board's reemployment committeeman to seek local employment opportunities.

Primary agencies in the matter of replacing returning soldiers are the U. S. Employment Service and the affiliated State Employment Offices, General Hershey stated. All men returning to private employment should clear through their State Employment Offices. This procedure is important, he said, even for those who are returning to their former jobs, so that the distribution of manpower returning to industry may be known.

Wire and Strap Binder Manufacturers Restrained

The Federal Trade Commission has ordered The Gerrard Co., Inc., American Steel & Wire Co. (principal owner of its capital stock), Signode Steel Strapping Co., and Acme Steel Co., manufacturers of steel wire or strap binding machines, to cease and desist from carrying out "tying" contracts in the leasing of such machines and in the sale of steel wire or strapping, in violation of the Clayton Antitrust Act.

Commission findings are that the respondent companies have required lessees of their machines or appliances to use in such machines no wire or strap other than that supplied by the respondents and that the respondent's practices result in the exclusion from the market of numerous parties, who in the absence of such restrictions, would be prospective and potential purchasers of tying wire or strapping from the respondents' competitors, who sell wire or strap suitable for use in such machines.

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